

CHAPTER NO. 828

SENATE BILL NO. 2401

By Cohen

Substituted for: House Bill No. 2414

By Kent

AN ACT To amend Tennessee Code Annotated, Title 7, Chapter 53, Part 3, relative to the operation and powers of industrial development corporations.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 7-53-302(a)(5), is amended by deleting the punctuation “;” at the end of the subdivision and by adding the following:

and to enter into amendments to such leases which amendments, among other things, may provide for extending the terms of such leases, amending and/or extending any payments in lieu of taxes due thereunder (subject to any applicable limitations provided in Section 7-53-305(b)) and amending and/or extending any rents or other payments due thereunder;

SECTION 2. Tennessee Code Annotated, Section 7-53-302(a)(8), is amended by inserting between the words “properties” and “whenever its board” the following language:

, including without limitation all or any part of the rents, revenues and receipts of the corporation from its projects,

SECTION 3. Tennessee Code Annotated, Section 7-53-302(a)(11), is amended by adding at the end of the subdivision the following:

, including without limitation the pledging and/or assignment and pledging of all or any part of the rents, revenues and receipts of any project as security for payment of any bonds or notes of the corporation issued with respect to the same or any other project or projects of the corporation and any agreements made in connection therewith, or procure or pledge municipal bond insurance, letters of credit, lines of credit or other liquidity facilities as additional security and liquidity for the bonds or notes;

SECTION 4. Tennessee Code Annotated, Section 7-53-305, is amended by adding as a new subsection (d) the following:

(d)(1) Payments in lieu of taxes and any lease payments payable to a corporation, to the extent such payments in lieu of taxes and lease payments in the aggregate to not exceed ad valorem taxes otherwise due and payable where the leased property is owned by an entity subject to taxation, shall become and remain a first lien upon the fee interest in the leased property from January 1 of the year in which such payment in lieu of taxes on lease payments is due. The corporation may enforce such lien, and also obtain interest at 10 percent (10%) per annum from the date due and reasonable attorneys' fees, by suit filed in the circuit or chancery court.

(2) The provisions of subsection (d)(1) shall apply with equal force to all such subleases and their sublessees.

SECTION 5. Tennessee Code Annotated, Section 7-53-305, is further amended by deleting from subsection (b)(2) the sentence reading: "All such payments when made shall be in full satisfaction of the obligations of the corporation's lessees with regard to use and ad valorem taxation of leasehold estates in corporation properties."

SECTION 6. Tennessee Code Annotated, Section 7-53-305, is amended by adding the following appropriately designated new subsection:

() Before October 1 of each year, the corporation shall submit to the State Board of Equalization an annual report containing a list of all the real and personal property owned by the corporation and its associated entities and subsidiaries; the value of each listed property as determined by the assessor of property; the date and term of the lease for each listed property; the amount of payments made in lieu of property taxes for each listed property; the date each listed property is scheduled to return to the regular tax rolls; and a calculation of the taxes which would have been due for each listed property if the properties were privately owned or otherwise subject to taxation.


SECTION 7. This act shall take effect upon becoming a law, the public welfare requiring it.


JOHN S. WILDER
SPEAKER OF THE SENATE


JIMMY NAIFEH, SPEAKER
HOUSE OF REPRESENTATIVES

PASSED: April 13, 1998

APPROVED this 28th day of April 1998


DON SUNDQUIST, GOVERNOR